

PUGET SOUND EDUCATIONAL SERVICE DISTRICT  
**King County, Washington**  
**September 1, 1991 Through August 31, 1992**

---

## Schedule Of Findings

---

1. District Management Should Improve Compensated Leave Recording And Reporting Controls

Our audit of the Puget Sound Educational Service District's (PSESD) payroll system disclosed no indication of a reconciliation between the district payroll system and employee leave balances reported on timesheets. We noted that several incorrect vacation and sick leave balances were recorded and reported.

The Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*, Attachment B, Section 10 (b) requires that accounting records be supported by source documents:

. . . payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant or other cost objective will be supported by appropriate . . . records . . . .

The lack of an adequate reconciliation of timesheets and accounting records increases the risk that improper expenditures of federal funds could occur, as well as, violations with employee contracts.

We recommend that district management implement policies and procedures to ensure that compensated leave balances are properly recorded and reported in the district's payroll system.